

**CITY COURT OF**  
**DENHAM SPRINGS - WARD TWO**  
**REPORT ON AUDIT OF**  
**COMPONENT UNIT FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2007**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9-12-07

## CONTENTS

Independent Auditor's Report.....	Page 1 - 2
Required Supplemental Information	
Management's Discussion and Analysis.....	3 - 7
Government-Wide Financial Statements:	
Statement of Net Assets.....	8
Statement of Activities.....	9
Fund Financial Statements:	
Balance Sheet - Governmental Fund.....	10
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets.....	11
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund.....	12 - 13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities.....	14
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - General Fund.....	15 - 16
Statement of Fiduciary Net Assets - Fiduciary Funds.....	17
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds.....	18 - 19
Notes to Financial Statements.....	20 - 28
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u> .....	29 - 30
Summary Schedule of Prior Audit Findings.....	31



**Hannis T. Bourgeois, LLP**

**Certified Public Accountants**

Randy J. Bonneau, CPA\*  
Joseph D. Richard, Jr., CPA\*  
Ronnie E. Stamper, CPA\*  
Fernand P. Genre, CPA\*  
Stephen M. Huggins, CPA\*  
Monica L. Zumo, CPA\*  
Ronald L. Gagnet, CPA\*  
Douglas J. Nelson, CPA\*  
Celeste D. Viator, CPA\*  
Laura E. Monroe, CPA\*  
R. David Wascom, CPA\*

\*A Professional Accounting Corporation

1175 Del Este Avenue, Suite B  
Denham Springs, LA 70726  
Phone: (225) 665-8297  
Fax: (225) 667-3813

*Members American Institute of  
Certified Public Accountants*

2322 Tremont Drive  
Baton Rouge, LA 70809

[www.htbcpa.com](http://www.htbcpa.com)

August 3, 2007

**INDEPENDENT AUDITOR'S REPORT**

Judge Charles W. Borde, Jr.  
City Court of Denham Springs - Ward Two  
Denham Springs, Louisiana

We have audited the accompanying financial statements of the governmental activities, the major fund (General Fund), each fiduciary fund, and the aggregate remaining fund information of the City Court of Denham Springs - Ward Two, (a component unit of the City of Denham Springs), as of and for the year ended June 30, 2007, which collectively comprise the Court's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Court. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the major fund (General Fund), each fiduciary type, and the aggregate remaining fund information of the City Court of Denham Springs - Ward Two as of June 30, 2007, and the budgetary comparison for the General Fund, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

City Court of Denham Springs - Ward Two  
Denham Springs, Louisiana

In accordance with Government Auditing Standards, we have also issued a report dated August 3, 2007, on our consideration of the Court's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages three through seven is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,

*Hannu J. Bourgeois, CPA*



CHARLES W. BORDE, JR.  
JUDGE

PEGGY G. HOOVER  
CLERK OF COURT

# City Court of Denham Springs

Ward Two - Parish of Livingston

State of Louisiana

400 MAYOR HERBERT HOOVER AVE.  
DENHAM SPRINGS, LA 70728

PHONE (225) 665-5505  
FAX (225) 664-2648

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of The City Court of Denham Springs – Ward Two's financial performance provides an overview of the City Court's financial activities for the year, which ended June 30, 2007. Please read it in conjunction with the Court's financial statements, which begin on, page 8.

### FINANCIAL HIGHLIGHTS

Assets of the City Court exceeded its liabilities at the close of the most recent fiscal year by \$567,729. An increase in net assets of \$29,157 or 6%. Of this amount \$533,928 (Unrestricted Net Assets) may be used to meet the Court's ongoing obligations.

The City Court's total program revenues were \$353,319 compared to \$374,713 last year. A decrease of \$21,394.

Total expenses for the City Court during the year ending June 30, 2007 were \$359,388 compared to \$341,592 last year. An increase of \$17,796 or 6%.

### USING THIS ANNUAL REPORT

This report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (pages 8 and 9) provide information about the City Court's activities as a whole. The Balance Sheet for Governmental Funds (page 10) details the assets and liabilities of the governmental funds, while the Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets (page 11) shows why the amounts reported for governmental activities in the Statement of Net Assets are different. Pages 12 and 13 detail the revenues, expenditures and changes in fund balance of the governmental funds while the reconciliation (page 14) reconciles net changes in fund balances to changes in net assets of the Governmental Activities. Pages 15 and 16 reflect the differences in the final and actual budgets. Income decreased in court costs received and probation fees due to a significant decrease in the number of citations issued and charges filed. Interest income increased significantly due to higher interest rates. Expenditures in the Capital Outlay category increased due to the purchase of a special lens for the microfilm reader and two new computers.

In order to continue with the preservation of records, we incurred an expense by contracting with the Secretary of State's office for the microfilming criminal records that were more than three years old. Salaries increased due to employee performance raises which are awarded every other year. Then on pages 17, 18 and 19, basic fiduciary funds financial statements can be found, in which the City Court acts only as an agent or trustee for the benefit of agencies outside of the Court. Notes to Financial Statements as a form of explanation follow on pages 20 through 28. The City Court Judge is an independent elected official. However, since the City Court is dependent on the City of Denham Springs to provide office space, a courtroom and related utility costs, as well as a portion of its salaries and related employee benefit costs, the City Court is determined to be a component unit of the City of Denham Springs. The accompanying financial statements only present information on the funds maintained by the City Court.

## **REPORTING THE FUNDS MAINTAINED BY THE CITY COURT AS A WHOLE**

### **THE STATEMENT OF NET ASSETS AND THE STATEMENT OF ACTIVITIES**

Our analysis of the funds maintained by the City Court as a whole begins on page 8. The Statement of Net Assets and the Statement of Activities report information about the funds maintained by the City Court as a whole and about its activities in a way which helps answer one of the most important questions asked about the City Court's finances, "Is the City Court, as a whole, better off or worse off as a result of the year's activities?" These statements include all assets and liabilities using the accrual basis of accounting used by most private sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when the cash was received or paid.

These two statements report the City Court's net assets and the changes in them. These net assets, the difference between the assets and the liabilities, is one way to measure the City Court's financial position or financial health and over time, increases or decreases in the net assets are one indicator of whether its financial health is improving or deteriorating.

We record the funds maintained by the City Court as governmental activities in the Statement of Net Assets and the Statement of Activities.

All of the expenses paid from the funds maintained are reported here as governmental activities and consist primarily of salaries, fees paid and benefits, office expenses, contract services, memberships and educational conferences and grants. Fines and fees and operating grants and contributions from the City of Denham Springs and the Livingston Parish Council finance most of the activities of the Court.

## **REPORTING THE MOST SIGNIFICANT FUNDS MAINTAINED BY THE CITY COURT**

The analysis of the major fund maintained by the City Court begins on page 12 and provides detailed information about the revenues and expenditures of this most significant fund.

All of the City Court's expenses are reported in governmental funds, which focus on how money flows into and out of these funds and the balances left at year end which are available for spending. These funds are reported using the modified accrual method, which measures cash and all other assets that could be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City Court general operations and the expenses paid from these funds. The information in the governmental funds help determine if there are more or less financial resources to finance future City Court expenses.

## THE CITY COURT AS A TRUSTEE

The City Court is a trustee for agency funds for its civil division, collection of restitution funds and criminal division. Since these funds are simply held for other parties and cannot be used for any of the Court activities, they are not included in the government-wide statement but are separately reported in the statements of the fiduciary funds.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of an entity's financial position. The City Court's total net assets changed from a year ago, increasing from \$538,572 to \$567,729. The comparative analysis is presented below.

By far the largest portion of the Court's net assets (94 percent) is in cash and cash equivalents. Because of this, the Court is able to take advantage of new technology in an effort to provide services to the public in the most efficient and effective manner.

TABLE I  
Total Net Assets

	<u>2007</u>	<u>2006</u>
Current Assets	\$ 541,688	\$ 506,723
Capital Assets	<u>33,801</u>	<u>38,201</u>
Total Assets	575,489	544,924
Current Liabilities	7,760	6,352
Net Assets:		
Investments in Capital Assets	33,801	38,201
Unrestricted	<u>533,928</u>	<u>500,371</u>
Total Net Assets	<u>\$ 567,729</u>	<u>\$538,572</u>

Net assets of the funds maintained by the City Court's governmental activities increased by \$29,157 over the prior year. Unrestricted net assets, the part of net assets that can be used to finance City Court expenses without constraints or other legal requirements increased by \$33,557 from \$500,371 at June 30, 2006 to \$533,928 at June 30, 2007.

**TABLE 2**  
**Change in Net Assets**  
**Governmental Activities**

	<u>2007</u>	<u>2006</u>
<b>Revenues:</b>		
Program Revenues		
Fines and Fees and Operating Grants and Contributions	\$ 353,319	\$ 374,713
Interest Income and Miscellaneous	<u>35,226</u>	<u>30,522</u>
Total Revenues	388,545	405,235
<b>Expenses:</b>		
General Governmental - Judicial	<u>359,388</u>	<u>341,592</u>
Increase in Net Assets	<u>\$ 29,157</u>	<u>\$ 63,643</u>

During the fiscal year that ended June 30, 2007, fines and fees received decreased by \$21,394, as previously stated, due to the decrease in citations written and charges filed. Civil fees which decreased significantly last year due to a decrease in civil filings from areas effected by Hurricane Katrina and the executive order not allowing the filing of evictions for approximately 45 days, significantly increased this year in the amount of \$15,308.

Expenses, excluding depreciation expense of \$9,583, increased by \$18,114 or approximately 6%, due to expenses incurred with the preservation of records and increases in salaries.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

As explained above, over all, expenses were up due to increases in several areas, some of which can be attributed to inflation and rising costs of postage, employee retirement and insurance. Decreased revenue in Court costs are directly related to the decrease in citations issued and reduction in NSF check charges filed by local merchants who now use electronic check debit verification procedures at the time of purchases.

#### **CAPITAL ASSETS**

Major additions to the capital assets this year were the purchase of two new computers and additional printers to increase speed and efficiency in serving the public.




## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

The City Court's management considered many factors when setting the operating budget for the fiscal year ending June 30, 2008. Increased revenues as the population of our jurisdiction increases are expected to raise revenues in the next fiscal year. Anticipated revenues will be approximately \$418,000, while anticipated expenditures will be approximately \$364,000. Therefore, the total governmental fund balance is expected to increase by approximately \$54,000.

## **CONTACTING THE CITY COURT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens and taxpayers with a general overview for the funds maintained by the City Court and to show the City Court's accountability for the money it receives. If you have any questions or need additional financial information, contact Denham Springs City Court, Clerk of Court/Judicial Administrator's office at 400 Mayor Herbert Hoover Avenue, Denham Springs, Louisiana 70726.



**Peggy G. Hoover**  
**Clerk of Court/Judicial Administrator**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**CITY COURT OF DENHAM SPRINGS - WARD TWO**

**STATEMENT OF NET ASSETS**

**JUNE 30, 2007**

**(With Comparative Totals as of June 30, 2006)**

**ASSETS**

	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
Cash and Cash Equivalents	\$ 327,679	\$ 309,279
Investment (Certificates of Deposit - Maturity Greater Than 90 Days)	210,000	195,000
Receivables, Net	4,009	2,444
Capital Assets (Net of Accumulated Depreciation)	<u>33,801</u>	<u>38,201</u>
Total Assets	<u>\$ 575,489</u>	<u>\$ 544,924</u>

**LIABILITIES**

Accounts Payable	\$ 1,837	\$ 625
Long-Term Liabilities Due Within One Year	<u>5,923</u>	<u>5,727</u>
Total Liabilities	7,760	6,352

**NET ASSETS**

Investment in Capital Assets	33,801	38,201
Unrestricted	<u>533,928</u>	<u>500,371</u>
Total Net Assets	<u>567,729</u>	<u>538,572</u>
Total Liabilities and Net Assets	<u>\$ 575,489</u>	<u>\$ 544,924</u>

The accompanying notes constitute an integral part of this statement.

**CITY COURT OF DENHAM SPRINGS - WARD TWO**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2007**  
**(With Comparative Totals for the Year Ended June 30, 2006)**

<b><u>Governmental Activities:</u></b>	<b><u>Governmental Activities</u></b>	
	<b><u>2007</u></b>	<b><u>2006</u></b>
Expenses:		
Judicial:		
Salaries, Fees Paid and Benefits	\$ 282,028	\$ 268,062
Office Expenses	31,215	28,349
Contract Services	20,665	21,718
Memberships and Educational Conferences	15,897	13,562
Depreciation	9,583	9,901
Total Expenses	359,388	341,592
Program Revenues:		
Fines and Fees	278,446	299,840
Operating Grants and Contributions	74,873	74,873
Net Program Revenues (Expenses)	(6,069)	33,121
General Revenues:		
Interest Income	32,594	24,592
Miscellaneous	2,632	5,930
Total General Revenues	35,226	30,522
Change in Net Assets	29,157	63,643
Net Assets - Beginning of Year	538,572	474,929
Net Assets - End of Year	\$ 567,729	\$ 538,572

The accompanying notes constitute an integral part of this statement.

FUND FINANCIAL STATEMENTS

**CITY COURT OF DENHAM SPRINGS - WARD TWO**

**BALANCE SHEET - GOVERNMENTAL FUND**

**JUNE 30, 2007**

**(With Comparative Totals as of June 30, 2006)**

	<b>General Fund</b>	
	<b>2007</b>	<b>2006</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 327,679	\$ 309,279
Investment (Certificates of Deposit - Maturity Greater Than 90 Days)	210,000	195,000
Accrued Interest Receivable	3,364	1,850
Accounts Receivable	645	594
Total Assets	<u>\$ 541,688</u>	<u>\$ 506,723</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts Payable	\$ 1,837	\$ 625
Total Liabilities	1,837	625
<b>Fund Balances:</b>		
Reserved Civil Fees	43,907	41,745
Unreserved	495,944	464,353
Total Fund Balances	<u>539,851</u>	<u>506,098</u>
Total Liabilities and Fund Balances	<u>\$ 541,688</u>	<u>\$ 506,723</u>

The accompanying notes constitute an integral part of this statement.

**CITY COURT OF DENHAM SPRINGS - WARD TWO**

**RECONCILIATION OF THE GOVERNMENTAL FUND  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

**JUNE 30, 2007**

**(With Comparative Totals as of June 30, 2006)**

	<u>2007</u>	<u>2006</u>
Fund Balance - Total Governmental Fund	\$ 539,851	\$ 506,098
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Governmental Capital Assets	197,456	192,273
Less: Accumulated Depreciation	<u>(163,655)</u>	<u>(154,072)</u>
	33,801	38,201
Long-Term Liabilities are not Due and Payable in the Current Period and Therefore are not Reported in the Governmental Funds:		
Compensated Absences	<u>(5,923)</u>	<u>(5,727)</u>
Net Assets of Governmental Activities	<u>\$ 567,729</u>	<u>\$ 538,572</u>

The accompanying notes constitute an integral part of this statement.

**CITY COURT OF DENHAM SPRINGS - WARD TWO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUND**

FOR THE YEAR ENDED JUNE 30, 2007  
(With Comparative Totals For The Year Ended June 30, 2006)

	Total Governmental Fund	
	2007	2006
<b>Revenues:</b>		
Charges for Services:		
Court Costs	\$ 173,559	\$ 205,460
Civil Fees	67,284	51,976
Probation and Continuance Fees	29,985	35,976
Drivers' License Reinstatement Fees	6,213	5,673
Appealed Case Fees/Transcripts	1,290	507
Adoption Case Fees	115	248
	<u>278,446</u>	<u>299,840</u>
Intergovernmental Revenues -		
on Behalf Payments	28,013	28,013
Primary Government - City of Denham Springs	46,860	46,860
Interest Income	32,594	24,592
Miscellaneous	2,632	5,930
	<u>388,545</u>	<u>405,235</u>
Total Revenues		
<b>Expenditures:</b>		
Judicial:		
Salaries, Fees Paid and Benefits:		
Salaries	204,771	197,698
Civil Fees Paid	40,568	36,566
Employee Group Insurance	2,635	2,128
Payroll Tax Expense	15,883	15,262
Retirement Expense	17,975	16,763
	<u>281,832</u>	<u>268,417</u>
Office Expenses:		
Office Supplies and Printed Forms	10,484	12,134
Telephone	5,629	5,547
Postage	6,000	5,034
Microfilm	5,846	-
Miscellaneous	72	2,310
Insurance	1,763	1,514
Uniforms	1,421	1,810
	<u>31,215</u>	<u>28,349</u>

(CONTINUED)



**CITY COURT OF DENHAM SPRINGS - WARD TWO**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUND - (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2007  
 (With Comparative Totals For The Year Ended June 30, 2006)

	<b>Total</b>	
	<b>Governmental Fund</b>	
	<b>2007</b>	<b>2006</b>
<b>Contract Services:</b>		
Professional Fees	5,000	5,000
Maintenance Agreement	2,661	2,656
Maintenance and Repair	3,094	3,920
Transcriptions/Appeals	9,656	9,917
Software Update	254	225
	<u>20,665</u>	<u>21,718</u>
<b>Memberships and Educational Conferences:</b>		
Membership Dues and Subscriptions	6,165	5,366
Educational Conferences and Seminars	9,732	8,196
	<u>15,897</u>	<u>13,562</u>
<b>Capital Outlay</b>	<u>5,183</u>	<u>4,551</u>
<b>Total Expenditures</b>	<u>354,792</u>	<u>336,597</u>
<b>Excess of Revenues Over Expenditures</b>	33,753	68,638
<b>Fund Balances - Beginning of Year</b>	<u>506,098</u>	<u>437,460</u>
<b>Fund Balances - End of Year</b>	<u>\$ 539,851</u>	<u>\$ 506,098</u>

The accompanying notes constitute an integral part of this statement.

**CITY COURT OF DENHAM SPRINGS - WARD TWO**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2007  
(With Comparative Totals for the Year Ended June 30, 2006)**

	<u>2007</u>	<u>2006</u>
Net Change in Fund Balance - Total Governmental Fund	\$ 33,753	\$ 68,638
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.		
	(4,400)	(5,350)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
(Increase) Decrease in Compensated Absences Payables	<u>(196)</u>	<u>355</u>
Change in Net Assets of Governmental Activities	\$ <u>29,157</u>	\$ <u>63,643</u>

The accompanying notes constitute an integral part of this statement.

**CITY COURT OF DENHAM SPRINGS - WARD TWO**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
<b>Revenues:</b>				
Charges for Services:				
Court Costs	\$ 225,000	\$ 175,000	\$ 173,559	\$ (1,441)
Civil Fees	57,500	66,500	67,284	784
Probation and Continuance Fees	32,000	30,000	29,985	(15)
Drivers' License Reinstatement Fees	5,000	6,200	6,213	13
Appealed Case Fees/Transcripts	1,000	1,290	1,290	-
Adoption Case Fees	250	115	115	-
	<u>320,750</u>	<u>279,105</u>	<u>278,446</u>	<u>(659)</u>
Intergovernmental Revenues -				
On-Behalf Payments	28,013	28,013	28,013	-
Primary Government - City of Denham Springs	46,860	46,860	46,860	-
Interest Income	18,000	23,000	32,594	9,594
Miscellaneous	<u>3,000</u>	<u>1,900</u>	<u>2,632</u>	<u>732</u>
Total Revenues	416,623	378,878	388,545	9,667
<b>Expenditures:</b>				
Judicial:				
Salaries, Fees Paid and Benefits:				
Salaries	203,313	193,813	204,771	(10,958)
Civil Fees Paid	37,358	36,000	40,568	(4,568)
Employee Group Insurance	2,400	2,400	2,635	(235)
Payroll Tax Expense	14,000	14,000	15,883	(1,883)
Retirement Expense	<u>15,650</u>	<u>19,400</u>	<u>17,975</u>	<u>1,425</u>
	272,721	265,613	281,832	(16,219)
Office Expenses:				
Office Supplies and Printed Forms	12,000	10,000	10,484	(484)
Telephone	5,500	5,500	5,629	(129)
Postage	5,000	6,000	6,000	-
Microfilm	4,450	5,850	5,846	4
Miscellaneous	550	550	72	478
Insurance	1,250	1,250	1,763	(513)
Uniforms	<u>1,750</u>	<u>1,400</u>	<u>1,421</u>	<u>(21)</u>
	30,500	30,550	31,215	(665)

(CONTINUED)

# CITY COURT OF DENHAM SPRINGS - WARD TWO

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND - (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>Contract Services:</b>				
Professional Fees	5,000	5,000	5,000	-
Maintenance Agreement	2,550	2,550	2,661	(111)
Maintenance and Repair	4,200	3,200	3,094	106
Transcriptions/Appeals	7,500	9,000	9,656	(656)
Software Update	-	-	254	(254)
	19,250	19,750	20,665	(915)
<b>Memberships and Educational Conferences:</b>				
Membership Dues and Subscriptions	5,000	5,600	6,165	(565)
Educational Conferences and Seminars	9,350	9,700	9,732	(32)
	14,350	15,300	15,897	(597)
<b>Capital Outlay</b>	<u>2,000</u>	<u>4,800</u>	<u>5,183</u>	<u>(383)</u>
<b>Total Expenditures</b>	338,821	336,013	354,792	(18,779)
<b>Excess of Revenues Over Expenditures</b>	77,802	42,865	33,753	(9,112)
<b>Fund Balances - Beginning of Year</b>	<u>506,098</u>	<u>506,098</u>	<u>506,098</u>	<u>-</u>
<b>Fund Balances - End of Year</b>	<u>\$ 583,900</u>	<u>\$ 548,963</u>	<u>\$ 539,851</u>	<u>\$ (9,112)</u>

The accompanying notes constitute an integral part of this statement.

**CITY COURT OF DENHAM SPRINGS - WARD TWO**

**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**

**JUNE 30, 2007**  
**(With Comparative Totals As Of June 30, 2006)**

	<u>Agency Funds</u>	
	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
Cash	\$ 232,706	\$ 221,006
Receivable	125	-
Total Assets	<u>\$ 232,831</u>	<u>\$ 221,006</u>
<b>LIABILITIES</b>		
Accounts Payable	\$ 868	\$ 816
Bonds Payable in Advance of Trial	<u>231,963</u>	<u>220,190</u>
Total Liabilities	<u>\$ 232,831</u>	<u>\$ 221,006</u>

The accompanying notes constitute an integral part of this statement.

**CITY COURT OF DENHAM SPRINGS - WARD TWO**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2007**  
**(With Comparative Totals for the Year Ended June 30, 2006)**

	<u>Agency Funds</u>			<u>Total Agency Funds</u>	
	<u>Civil Docket</u>	<u>Criminal Docket</u>	<u>Restitution</u>	<u>2007</u>	<u>2006</u>
<b>Additions:</b>					
Fines and Bonds Collected	\$ 149,682	\$ 1,179,554	\$ -	\$ 1,329,236	\$ 1,483,201
Restitution Received	-	-	1,432	1,432	2,417
Interest Income	<u>3,478</u>	<u>7,225</u>	<u>44</u>	<u>10,747</u>	<u>8,982</u>
Total Additions	153,160	1,186,779	1,476	1,341,415	1,494,600
<b>Deductions:</b>					
Fines Disbursed to					
City of Denham Springs - General	-	351,770	-	351,770	421,219
Fines Disbursed to Parish Council -					
General	-	49,014	-	49,014	42,067
Fines Disbursed to City of Port					
Vincent - General	-	-	-	-	33
General Fund Court Costs	-	173,559	-	173,559	205,460
General Fund - Probation and					
Continuance Fees	-	30,549	-	30,549	36,095
Public Service Court Costs	-	5,085	-	5,085	3,650
Witness Fee Court Costs	-	16,879	-	16,879	21,067
Marshall's Office Court Costs	-	230,807	-	230,807	280,209
District Attorney Fees	-	14,173	-	14,173	12,925
Bonds and Fines Refunded	-	8,628	-	8,628	8,668
Law Enforcement Training	-	1,779	-	1,779	2,424
Miscellaneous	340	150	-	490	605
Reparations Fund	-	6,942	-	6,942	9,094
Indigent Defenders' Board	-	204,503	-	204,503	224,591
Marshall's Fees	31,567	-	-	31,567	25,492
Recording Fees	11,085	-	-	11,085	8,430

(CONTINUED)

**CITY COURT OF DENHAM SPRINGS - WARD TWO**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS - (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2007**  
**(With Comparative Totals for the Year Ended June 30, 2006)**

	<u>Agency Funds</u>			<u>Total Agency Funds</u>	
	<u>Civil Docket</u>	<u>Criminal Docket</u>	<u>Restitution</u>	<u>2007</u>	<u>2006</u>
<b>Deductions (Continued):</b>					
Restitution Paid to Victims	-	-	1,432	1,432	2,417
Court Cost Refunds	9,107	-	-	9,107	4,023
Judge's Fees Earned	67,284	-	-	67,284	51,976
Serving Citations	8,598	-	-	8,598	8,955
Judges Supplemental Compensation Fund	21,586	-	-	21,586	16,473
Interest Transfers to General Fund	3,478	7,225	44	10,747	8,982
Adoption Case Fees Transfers to General Fund	115	-	-	115	248
Juvenile Justice Committee	-	34,111	-	34,111	41,868
State Analysis Fee	-	550	-	550	350
Analysis Fees	-	4,100	-	4,100	3,150
Trial Court Case Management Information System	-	11,934	-	11,934	14,859
Louisiana Traumatic Head and Spinal Cord Injury Trust Fund	-	10,180	-	10,180	11,035
Judgment of Bond Forfeitures	-	2,251	-	2,251	4,413
Baton Rouge Crime Stoppers	-	13,074	-	13,074	12,452
Sex Registry	-	9,516	-	9,516	11,370
<b>Total Deductions</b>	<u>153,160</u>	<u>1,186,779</u>	<u>1,476</u>	<u>1,341,415</u>	<u>1,494,600</u>
<b>Change in Net Assets</b>	-	-	-	-	-
<b>Net Assets - Beginning of Year</b>	-	-	-	-	-
<b>Net Assets - End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes constitute an integral part of this statement.

## **CITY COURT OF DENHAM SPRINGS - WARD TWO**

### **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2007**

#### **Note 1 - Summary of Significant Accounting Policies -**

The City Court of Denham Springs - Ward Two (the "Court"), Parish of Livingston, Louisiana was established in accordance with Louisiana Statute 13:1872 A(1) by resolution of the Denham Springs Mayor and Council on June 24, 1968. The Court collects fines on behalf of Ward Two in Livingston Parish which includes the City of Denham Springs and a portion of Livingston Parish and remits these fines to the same, after deducting court costs therefrom for operation of the Court and Marshall's offices.

##### **A. Financial Reporting Entity**

For reporting purposes the City of Denham Springs, Louisiana, serves as the financial reporting entity for both the municipality (City of Denham Springs) and for the Ward II Court System. The financial reporting entity consists of (1) the primary government (all funds under the auspices of the Mayor and Council of the City of Denham Springs), (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14, the Financial Reporting Entity, established criteria for determining which component units should be considered part of the City of Denham Springs for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the City governing authority (Mayor and Council) appoints a majority of board members of the potential component unit.
3. Fiscal interdependency between the City and the potential component unit.
4. Imposition of will by the City on the potential component unit.
5. Financial benefit/burden relationship between the City and the potential component unit.



## **CITY COURT OF DENHAM SPRINGS - WARD TWO**

### **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2007**

Based on the previous criteria, City Management has included the City Court of Denham Springs-Ward Two as a component unit of the City of Denham Springs. Since the Judge of the Court is an elected official and has certain statutorily defined sources of funds for his own operating and/or capital budget discretion, the funds of the City Court of Denham Springs - Ward Two will be discretely presented in the City of Denham Springs government-wide financial statements for the year ended June 30, 2007.

#### **B. Basis of Presentation**

##### **Basic Financial Statements - Government-Wide Statements**

The Court's basic financial statements include both government-wide (reporting the Court as a whole) and fund financial statements (reporting the Court's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. There were no activities of the Court categorized as a business type activity.

In the government-wide Statement of Net Assets, the governmental activity column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis.

The government-wide Statement of Activities reports both the gross and net cost of the Court's function. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while capital grants reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (interest and investment earnings, etc).

The Court does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Court as an entity and the change in the Court's net assets resulting from the current year's activities.

## **CITY COURT OF DENHAM SPRINGS - WARD TWO**

### **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2007**

#### **Basic Financial Statements - Fund Financial Statements**

The financial transactions of the Court are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

The Court uses the following fund types:

##### **Governmental Funds:**

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the Court:

- 1) The General Fund is the general operating fund of the Court. It is used to account for all financial resources except those required to be accounted for in another fund.

##### **Fiduciary Funds:**

**Agency Funds** - Agency Funds are used to account for assets held by the Court in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency Funds consist of the Civil Docket, Criminal Docket and the Restitution funds. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities of the Court, these funds are not incorporated into the government-wide statements.

#### **C. Basis of Accounting and Measurement Focus**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

## **CITY COURT OF DENHAM SPRINGS - WARD TWO**

### **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2007

#### **1. Accrual -**

The governmental activities in the government-wide financial statements and the fiduciary funds financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Revenues of the Court consist principally of interest income and fines and fees for services relating to court filings. Interest income is recorded when earned. Fines and fees for services are recorded when received in cash because they are generally not measurable until actually received.

#### **2. Modified Accrual -**

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means that the amount of the transaction can be determined and "available" means that the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for revenue recognition for all governmental fund type revenues. Expenditures are recorded when the related fund liability is incurred. Depreciation is not recognized in the Governmental Fund financial statements.

#### **D. Capital Assets**

Capital assets are reported in the government-wide financial statements at historical cost. Additions, improvements or other capital outlays that significantly extend the useful life of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on a straight line basis over the following estimated useful lives:

Computer equipment	5 years
Office furniture and equipment	5 to 10 years
Office improvements	20 years

#### **E. Budgets and Budgetary Accounting**

The proposed budget for the General Fund of the Court, prepared on the modified accrual basis of accounting by the Clerk of the Court, was adopted by the Court on May 18, 2006, for the fiscal year ended June 30, 2007. All appropriations lapse at year-end. The original budget adopted May 18, 2006, was amended on April 13, 2007 for the fiscal year ended June 30, 2007.

## **CITY COURT OF DENHAM SPRINGS - WARD TWO**

### **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2007

**F. Accumulated Unpaid Vacation and Sick Pay**

Employees who have been employed by the City Court of Denham Springs - Ward Two earn 10 days of vacation leave each year. Vacation days must be used by December 31, no carryover of vacation days is allowed. The Court's employees earn 10 days of sick leave each year. Sick time is not to be carried over, it must all be used by December 31.

**G. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**H. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets. At June 30, 2007, the Court had no outstanding debt.

**Note 2 - Interest Earned -**

The Civil and Criminal Dockets, and the Restitution Fund have placed funds in interest-bearing accounts. Since the Dockets operate in a fiduciary capacity and are not required to pay interest on bonds paid in advance of trial, interest income is transferred to the General Fund and used for operations of the Court.

**Note 3 - Deposits and Investments -**

For reporting purposes, cash and cash equivalents include cash, demand deposits, and time certificates of deposit with maturities of 90 days or less. Investments include certificates of deposit with maturities over 90 days. Under state law the Court may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, any other state in the union, or under the laws of the United States. Further, the Court may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

# CITY COURT OF DENHAM SPRINGS - WARD TWO

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

At June 30, 2007, the carrying amount of the Court's Cash and Cash Equivalents totaled \$770,385, and the confirmed bank balances were \$799,970. Cash and cash equivalents are stated at cost, which approximates market. These deposits must be secured under state law by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are to be held in the name of the pledging bank in a custodial bank that is mutually acceptable to the parties involved. The cash and cash equivalents at June 30, 2007, were secured as follows:

### Deposits in Bank Accounts

	Governmental Funds	Agency Funds	Certificates of Deposit	Total
Deposits in Bank Accounts per Balance Sheet	\$ 327,679	\$ 232,706	\$ 210,000	\$ 770,385
Bank Balances (Category 3 Only):				
a. Uninsured and Uncollateralized	\$ -	\$ -	\$ -	\$ -
b. Uninsured and Collateralized with Securities Held by the Pledging Institution	-	-	-	-
c. Uninsured and Collateralized with Securities Held by the Pledging Institution's Trust Department or Agent, but not in the Entities Name	<u>232,989</u>	<u>152,683</u>	<u>-</u>	<u>385,672</u>
Total Category 3 Bank Balances	\$ 232,989	\$ 152,683	\$ -	\$ 385,672
Total Bank Balances (Regardless of Category)	<u>\$ 334,242</u>	<u>\$ 255,728</u>	<u>\$ 210,000</u>	<u>\$ 799,970</u>

**Custodial Credit Risk - Deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the Court's deposits may not be returned to it. As of June 30, 2007 \$385,672 of the Court's bank balance of \$799,970 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entities name.

**CITY COURT OF DENHAM SPRINGS - WARD TWO**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2007

**Note 4 - Changes in Capital Assets -**

Capital asset activity for the year ended June 30, 2007 is as follows:

<u>Governmental Activities</u>	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>
Equipment:				
Copier	\$ 11,018	\$ -	\$ -	\$ 11,018
Telephone System	11,171	-	-	11,171
Furniture and Fixtures	21,288	348	-	21,636
Computer Equipment	104,216	4,150	-	108,366
Police Equipment	4,273	-	-	4,273
Leasehold Improvements	15,696	-	-	15,696
Other Equipment	<u>24,611</u>	<u>685</u>	<u>-</u>	<u>25,296</u>
Totals	192,273	5,183	-	197,456
Less Accumulated Depreciation for:				
Equipment:				
Copier	6,824	1,228	-	8,052
Telephone System	5,981	1,117	-	7,098
Furniture and Fixtures	19,937	440	-	20,377
Computer Equipment	95,396	2,965	-	98,361
Police Equipment	3,419	427	-	3,846
Leasehold Improvements	5,496	785	-	6,281
Other Equipment	<u>17,019</u>	<u>2,621</u>	<u>-</u>	<u>19,640</u>
Total Accumulated Depreciation	<u>154,072</u>	<u>9,583</u>	<u>-</u>	<u>163,655</u>
Capital Assets, Net	<u>\$ 38,201</u>	<u>\$ (4,400)</u>	<u>\$ -</u>	<u>\$ 33,801</u>

Depreciation expense was charged to governmental activities as follows:

Judicial Expenses	<u>\$ 9,583</u>
-------------------	-----------------

**CITY COURT OF DENHAM SPRINGS - WARD TWO**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2007**

**Note 5 - Postretirement Health Care and Life Insurance Benefits -**

At June 30, 2007, the Court has no postretirement health care and life insurance benefit plan in existence.

**Note 6 - Retirement Commitments -**

Employees of the City Court of Denham Springs - Ward Two may elect to be members of the Parochial Employees' Retirement System of Louisiana - Plan "B", a multiple-employer public employee retirement system. Contributions to the system are made by both employees and the Court's office as a percentage of salaries. Beginning January 1, 2007, the contribution rate for the employer was 6.00% of covered earnings and the rate for the employee was 3.00% of covered earnings. The City Court of Denham Springs - Ward Two contributed \$9,353 to the system during the year. Data concerning the actuarial status of the system at June 30, 2007, is not currently available.

Employees of the Court whose salary is reimbursed by the City of Denham Springs, are also covered by the Municipal Employees' Retirement System of Louisiana - Plan "B", also a multiple-employer public employee retirement system. Contributions to the system are made by both employees and the City of Denham Springs as a percentage of salaries. The City of Denham Springs reimbursed \$873 to the Court during the year on behalf of the Court and this amount is included in these financial statements. Data concerning the actuarial status of the system at June 30, 2007, is not currently available.

All employees of the Court, with the exception of the Judge, are also covered by the Social Security System. The Court contributed \$15,662 to the System in fiscal year 2007, as its share of employer contributions.

The Judge is a member of the Louisiana State Employees Retirement System. Contributions to the system are made by the Judge and the Court as a percentage of salary. The Court contributed \$7,749 to the system during the year. Data concerning the actuarial status of the system at June 30, 2007 is not currently available.

**Note 7 - On-Behalf Payments for Salaries and Benefits -**

The Court follows GASB Statement No. 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance." This standard requires the Court to report in the financial statements on-behalf salary and fringe benefit payments made by the Livingston Parish Council to the Court's employees.

**CITY COURT OF DENHAM SPRINGS - WARD TWO**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2007

Supplementary salary payments are made by the Parish Council directly to the Court's employees. The Court is not legally responsible for these salary supplements. Therefore, the basis for recognizing the revenue and expenditure payments is the actual contributions made by the Parish Council. For the fiscal year ended June 30, 2007 the Parish Council made supplementary salary and benefit payments of \$28,013 to the City Court's employees.

As an elected official, the Judge statutorily receives a portion of his compensation directly from the City of Denham Springs, the Livingston Parish Council, and the State of Louisiana. As the Judge considers himself to be employed by the State of Louisiana, his compensation is not reflected in these financial statements.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**



**Hannis T. Bourgeois, LLP**

**Certified Public Accountants**

Randy J. Bonneau, CPA\*  
Joseph D. Richard, Jr., CPA\*  
Ronnie E. Stamper, CPA\*  
Fernand P. Genre, CPA\*  
Stephen M. Huggins, CPA\*  
Monica L. Zumo, CPA\*  
Ronald L. Gagnet, CPA\*  
Douglas J. Nelson, CPA\*  
Celeste D. Viator, CPA\*  
Laura E. Monroe, CPA\*  
R. David Wascom, CPA\*

\*A Professional Accounting Corporation

1175 Del Este Avenue, Suite B  
Denham Springs, LA 70726  
Phone: (225) 665-8297  
Fax: (225) 667-3813

*Members American Institute of  
Certified Public Accountants*

2322 Tremont Drive  
Baton Rouge, LA 70809

[www.htbcpa.com](http://www.htbcpa.com)

August 3, 2007

Judge Charles W. Borde, Jr.  
City Court of Denham Springs - Ward Two  
Denham Springs, Louisiana

We have audited the financial statements of the governmental activities, the major fund (General Fund), each fiduciary fund, and the aggregate remaining fund information of the City Court of Denham Springs - Ward Two, (a component unit of the City of Denham Springs), as of and for the year ended June 30, 2007, and have issued our report thereon dated August 3, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Court's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Court's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the Court's internal control.

City Court of Denham Springs - Ward Two  
Denham Springs, Louisiana

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a misstatement of the financial statements will not be prevented or detected by the internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information of management and the Louisiana Legislative Auditor, and should not be used for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document, and its distribution is not limited.

Respectfully submitted,

*Hannu T. Bourgeois, CPA*

**CITY COURT OF DENHAM SPRINGS - WARD TWO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

JUNE 30, 2007

NONE